

ADMINISTRATIVE INTERNAL USE ONLY

DDI- 0240788

15 July 1986

MEMORANDUM FOR: Associate Deputy Director for Intelligence

VIA:

Acting Director of Soviet Analysis

Chief, Defense and Economic Issues Group/SOVA

FROM:

Analyst/SOVA/DEIG/DID/ITB

SUBJECT:

Request Permission to Give an Oral Presentation

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1. I request permission to give an oral presentation at the Mid-West AAASS Conference to be held on 24-27 April, 1987 in Ann Arbor at the University of Michigan. The panel will deal the role of East European machine tools in the current Soviet industrial modernization drive.

2. None of the material presented will be classified.

3. I will make the standard disclaimer that the views expressed are my own and not necessarily those of the Agency.

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Attachments

- A. Letter to Co-Chairman of AAASS Conference
- B. Panel Proposal and Outline
- C. Form 879

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SUBJECT: Request Permission to Give an Oral Presentation

I have reviewed the attached request and with the understanding that the presentation will be unclassified, approve it.

[Redacted Signature]

Acting Director of Soviet Analysis

16 JUL 1986

Date

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[Redacted Signature]

Associate Deputy Director for Intelligence

21 JUL 1986

Date

DI/SOVA/DID/IT [Redacted] (15 Jul 86)

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Washington, D.C. 20505

7 July 1986

Professor Ronald G. Suny
Co-Chairman
Mid-West Slavic Conference
Department of History
University of Michigan
Ann Arbor, MI 48109

Dear Professor Suny:

I should like to propose a panel for the AAASS regional conference to be held at the University of Michigan on April 24-27, 1987.

Several of us are concentrating on the study of the Soviet regime's intensive efforts to modernize industry, and we should like to share some of our findings in a panel devoted to the nature of East European machinery exports to the USSR and their impact on current Soviet industrial modernization.

I enclose a more detailed proposal for the panel, including descriptions of the professional background and publications of the participants. We plan to deliver papers that are brief, lucid, and non-technical and which, we hope, will stimulate good discussion.

Please let me know if this panel meets with your approval.

Sincerely yours,



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Office of Soviet Analysis



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Enclosure

Proposal for a Panel

The USSR is currently engaged in a critical effort to modernize both its civilian and defense production. A key element in this industrial renovation involves the overhaul of the Soviet machine tool industry, which itself produces the equipment that is used to make most metallic and many non-metallic industrial products.

Our studies show that a very important factor in this vigorous effort at industrial modernization pursued by the Gorbachev regime is the large-scale import of equipment from abroad and the establishment of cooperative R & D and production arrangements with foreign manufacturers. As early as 1970 the USSR became the largest importer of machine tools in the world, superseded only by the United States in 1980. While the West provided the lion's share of machine tool imports in value at the beginning of the 1970s, the bulk of all machine tools imported into the Soviet Union now comes from Eastern Europe (69 percent of the total in value). There are also important co-production and joint R&D arrangements between the East European countries and the USSR.

The panel will deal with the nature and assortment of machinery shipments from Eastern Europe to the USSR, the current and future capabilities of the East European machinebuilding industries, the benefits which the USSR derives from these imports and, finally, an assessment of the overall impact of this trade to the industrial modernization programs in both the USSR and Eastern Europe.

The panel is constituted as follows:

GORBACHEV'S INDUSTRIAL MODERNIZATION PROGRAM: THE EAST EUROPEAN MACHINERY CONTRIBUTION

Chair: William J. Kelly, Batelle, Columbus Laboratories

"The East European Machine Tool Industries." H. Lewis Rees, Batelle Columbus Laboratories

"The Nature of Soviet Machine Tool Imports from Eastern Europe." Mason H. Soule, Batelle, Columbus Laboratories

"Gorbachev's Drive for Manufacturing Modernization: Impact of East European Machinery Imports."
Central Intelligence Agency

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Discussants: Hugh L. Shaffer, Batelle, Columbus Laboratories (CEMA and machinery modernization)
Second Discussant: TBD

Professional Experience and Publications of Panelists

WILLIAM J. KELLY, holder of a Ph.D. in economics from Rice University, is well known for his work on the Soviet ferrous metallurgy industry, his estimates of future fuel consumption rates in Soviet trucks, and other studies on Soviet industrial policies. His latest book, with H.L. Shaffer and J.K. Thompson, is Energy Research and Development in the USSR: Preparations for the 21st Century, (Duke University Press, 1986). He has published articles on Russian and Soviet industrial and economic topics in The Journal of Economic History (1976), The Journal of European Economic History (1981), and Soviet Studies (1978, 1982).

H. LOUIS REES holds an M.A. from Ohio State University. Fluent in technical German, Slovak, Czech and Russian, he has specialized since 1980 in studies focusing on Soviet and East European electronics, robotics, and the Soviet and East European machine tool industries.

HUGH L. SCHAFFER, the holder of an M.A. from Ohio State University, is a specialist on Soviet R & D resources and industrial management. He is coauthor, with W. J. Kelly and J.K. Thompson, of the recently published Energy Research and Development in the USSR (Duke University Press, 1986). He reads technical Russian, and has coauthored an article on the economics of nuclear power in Soviet Studies (1982). He has contributed papers to major national conferences on Soviet energy and technology transfer.

MASON H. SOULE, who is currently completing the Ph.D. at Indiana University, has specialized on mathematical-economic modelling and statistical analysis of the USSR and Eastern Europe. His articles and book reviews have appeared in Slavic Review and The Soviet Economy (1981-82), and he has presented papers on economic and demographic developments in the USSR at major recent conferences.

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PANEL PROPOSAL AND OUTLINE

The papers in the proposed panel--including my own--are based on a report

All materials are taken from the primary section of the study, which is unclassified.

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The topics of the panel are discussed in some detail in the appended proposal.

My own paper will deal with the impact of the East European machine tool trade on the USSR. Topics include:

- (a) The current status of the Soviet machine tool industry
- (b) Soviet problems with producing NC/CNC tools and other advanced equipment
- (c) Formidable needs caused by current modernization drive
- (d) Constraints imposed on Western machinery imports by hard currency shortages
- (e) The gaps which are filled by imports of machine tool from Eastern Europe
- (f) The role of East European machine tools in Soviet production in the future.

I plan to use only unclassified and published sources in my paper.

21 July 1986

NOTE TO: ADDI
FROM: EA/DDI
SUBJECT: Request to Give an Oral Presentation

I suggest that you sign the attached request. [redacted] SOVA has proposed giving an oral presentation on the role of East European machine tools in the current Soviet industrial modernization drive at the Mid-West AAASS Conference. The Conference will be held at the University of Michigan on 24-27 April 1987. [redacted] has already written to the Conference co-chairman proposing his presentation and [redacted] [redacted] will discuss conclusions from a recently completed study they did for us on related issues. In effect, [redacted] asking for approval to present the results of a [redacted] study. He maintains that only the unclassified portion of that study will be discussed. Also, he plans to provide the usual disclaimer statement for his presentation.

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Larry

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